

ONE HUNDRED NINTH CONGRESS

Congress of the United States
House of Representatives

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SUBCOMMITTEE ON FEDERALISM AND THE CENSUS
Congressman Michael R. Turner, Chairman



OVERSIGHT HEARING
STATEMENT BY MICHAEL R. TURNER, CHAIRMAN

Hearing topic: ***Poverty, Public Housing and the CRA: Have Housing and Community Investment Incentives Helped Public Housing Families Achieve the American Dream?***

Tuesday, June 20, 2006
10:00 AM
2154 Rayburn House Office Building

OPENING STATEMENT

Welcome to the Subcommittee's hearing entitled, "Poverty, Public Housing and the CRA: Have Housing and Community Investment Incentives Helped Public Housing Families Achieve the American Dream?" This is the fourth in a series of hearings the Federalism and the Census Subcommittee is holding on public and low-income housing. The purpose of this hearing is twofold. First, we will examine the self-sufficiency and poverty deconcentration provisions of the Quality Housing and Work Responsibility Act (QHWRA). Second, we will examine the Community Reinvestment Act (CRA) and its relationship to public and affordable housing.

Our first goal today is to gain a better understanding of whether QHWRA's self-sufficiency and poverty deconcentration provisions have helped Public Housing Authorities (PHAs) to improve the living situations of their tenants in a meaningful way. From what we have learned in our previous hearings, there is evidence that, despite some progress, the rules

governing the calculation of rents and other incentives are still too complicated and cumbersome to use effectively. The Public Housing Authorities have cited numerous examples of the complexity within the current system and the burden that complexity brings to managing their portfolios. They have argued that this complexity is counterproductive and is diverting limited resources away from their primary mission of providing low-income families with safe, clean, and affordable housing. The Public Housing Authorities have repeatedly called for changes in the law they claim would ease this administrative burden. These changes range from simplifying the rent calculation process to expanding the Moving to Work program. While these proposed changes may appear to be common-sense approaches for addressing the problem, they may also have unintended consequences. In this hearing, we hope to gain the perspective of tenant advocates. We also want to ascertain the impressions of our witnesses on any past or current proposals designed to address these issues.

The second purpose of today's hearing is to review the "public policy theory" behind the federal investment in public and affordable housing and the role the Community Reinvestment Act (CRA) has played in achieving that public policy goal. As the Subcommittee learned in its May 23, 2006, hearing on public housing and the capital markets, the Community Investment Act has provided incentives to some financial institutions to invest in low-income housing when they may not have otherwise done so. However, recent rule changes by the four agencies regulating financial institutions have caused some affordable housing advocates to be concerned that these goals may be undermined. It is their concern that these rule changes may weaken the effect the CRA has on future decisions by financial institutions to invest in affordable housing. For this reason, we have invited two CRA experts to testify on this topic.

Today we have five witnesses. First, we will hear from John Gutzmann, President of the Public Housing Associations Director's Association (PHADA) and Executive Director of the St Paul Public Housing Authority. Next we have George Moses, Chairman of the Board of the National Low Income Housing Coalition and a tenant organizer in Pittsburgh, Pennsylvania. Following Mr. Moses we will hear from James A Riccio, Director, Low-Wage Workers and Communities at MDRC, a research institution focusing on social programs.

On the issue of the CRA, we will first hear from Benson "Buzz" Roberts, Senior Vice President for Policy and Program Development at Local Initiatives Support Corporations, better known as LISC. Finally, we hear from Judith Kennedy, President and CEO of the National Association of Affordable Housing Lenders (NAAHL).

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